

BILL NO: House Bill 0122
TITLE: State Aid - Nonprofits - Status
COMMITTEE: Government, Labor, and Election
HEARING DATE: January 27, 2026
POSITION: **OPPOSE**

The Women's Law Center of Maryland is a nonprofit organization dedicated to advancing the physical safety, economic security, and bodily autonomy of women across the state. As a direct service provider that relies on a combination of state funding and private support to serve survivors of domestic violence, we recognize the importance of accountability in public funding. At the same time, we are deeply concerned about policies that create unnecessary administrative barriers for nonprofits and risk disrupting critical services. House Bill 122, while intended to promote oversight, would have a burdensome and harmful impact on nonprofit organizations for several reasons.

House Bill 122 would prohibit any state entity from providing financial aid to a nonprofit organization unless the group is in "good standing" and has submitted its most recent federal tax filings and state personal property returns. While the bill's stated goal is accountability, it would create significant administrative burdens—particularly for smaller and volunteer-run nonprofits. The requirement to be in "good standing" with the IRS is not clearly defined, and even minor issues, such as a processing delay at SDAT or a misplaced filing, could prevent an organization from receiving funding. By requiring all filings to perfectly align with grant timelines, the bill applies the same standard to organizations of all sizes, failing to account for differences in capacity and resources.

We are also concerned about the risk of immediate funding "freezes." The legislation is written as a strict prohibition: a grantor may not provide state aid unless these conditions are met. For nonprofits providing critical services—such as emergency assistance for victims of domestic violence, food banks, or shelters—even a temporary freeze in state aid while resolving a tax-status technicality could lead to a total shutdown of services.

Finally, House Bill 122 may discourage the state from funding newer, grassroots organizations that have not yet built the robust back-office infrastructure needed to navigate Maryland's regulatory landscape.

For all of the above reasons, MNADV urges this committee to vote unfavorable on House Bill 122.

The Women's Law Center of Maryland is a non-profit legal services organization whose mission is to ensure the physical safety, economic security, and bodily autonomy of women in Maryland. Our mission is advanced through direct legal services, information and referral hotlines, and statewide advocacy.